

Statement of Joseph N. Miniace, Before the House of Representatives Coast Guard and Maritime Transportation and Water Resources and Environment Subcommittees of the Committee on Transportation and Infrastructure May 23, 2001

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Mr. Chairman, members of the Committee, I am Joseph Miniace, president and chief executive officer of the Pacific Maritime Association. On behalf of our member companies, thank you for holding this important hearing today on congestion issues that confront the maritime industry and for inviting me to participate. By way of background, the principal business of the PMA is to negotiate and administer maritime labor agreements with the International Longshore and Warehouse Union (ILWU). The membership of the PMA consists of domestic carriers, international carriers and stevedores that operate in California, Oregon, and Washington.

The West Coast Ports are the gateway of international waterborne trade between the United States and Asia. The ports located in California, Oregon and Washington provide the key linkage between the United States consumer, industrial and agricultural sectors and the Pacific Basin. Not only does the growing international Trans-Pacific trade provide jobs and economic stimulus in the West Coast Region, but these port gateways and the cargo they handle support the industrial, retail and agricultural sectors throughout the United States. With that said, however, congestion at West Coast marine terminals, ports and their surrounding communities is bad and getting worse. Long lines of truckers trying to gain access to marine terminals, congestion on the freeways and the associated environmental impacts that these problems bring are being discussed at all levels of government. Those companies that import and export goods through the West Coast ports experience supply chain disruptions, are unable to track their cargo movements and are forced to pay unnecessary costs. Ports grapple with the demands of the local communities, trying to balance the anticipated growth of international trade with quality of life issues for those that live in the surrounding communities. Some port consultants project that trade will more than triple through our ports by the year 2020. John Vickerman of Transystems, in a recent study showed that the Ports of Los Angeles and Long Beach combined have 1,880 acres of land for their operations. According to Vickerman, using current growth numbers (not projected – and without the use of technology), those ports will require over 5,000 new acres for container operations by 2010 and by 2020 an additional 9,400 new acres will be required. Those ports do not have much, if any, available land remaining to handle this growth. (According to the Port of Long Beach, their throughput per acre last year was approximately 5,500 TEU's compared to a throughput of over 15,000 TEU's per acre in Hong Kong and Shanghai.) By way of analogy, California is currently undergoing an energy crisis, where demand exceeds supply. We are facing a similar situation with respect to the West Coast seaports – continued trade growth is putting pressure on the local infrastructure and because ports are on the verge of exhausting available land to expand, like the current energy crisis, demand is about to exceed our supply.

Despite this bleak picture, there are opportunities for the waterfront to meet many of the challenges of future growth and address current problems like congestion – without the use of federal dollars. Simply utilizing existing new technologies on the waterfront will help alleviate the congestion on marine terminals and nearby freeways, will provide for the efficient and extended utilization of scarce port land, provide job security for waterfront workers and help meet the demands of the anticipated growth of international trade. Some of the technological changes which could be implemented today include:

1) **An appointment system for truckers at marine terminals** – pick up and delivery of containers could be accomplished through an appointment system (separating yard operations from vessel operations). This would be coupled with an identification system for truckers (along with waterfront employees), which would enhance security and safety on the terminal. The system would make use of closed circuit television, and optical scanners for id cards. The process of gate check-in could take place in a matter of seconds, minimizing trucker wait time (allowing for additional work and income for truckers), and reducing congestion on adjacent city streets and the associated environmental impacts. If such a system were coupled with flexible, cost effective, terminal hours, where there was no cost disincentive to utilize off-peak hours, the amount of truck traffic on local freeways during heavily traveled commute hours would be substantially reduced.

Net Effect: Reduced turn times for truckers resulting in additional income for truckers, reduced adverse air quality impact by eliminating trucks lined up with their engines idling; and reduced congestion on streets and freeways as trucks would flow evenly through the terminals throughout the day.

2) **Terminal data input** – current practice requires that electronic data transmitted from a site outside of the marine terminals must be re-keyed into the marine terminals data system. The information cannot flow seamlessly from one system to another without human intervention. Depending on the port area, sometimes this is accomplished with a simple keystroke, replicating the data electronically before transferring it into another system. In other situations, the data are completely re-keyed, using computer terminals that are located side-by-side, but using people to manually re-enter the data. This would be the equivalent of having to re-key every document that you found on the internet. It is inefficient, prone to error and a throwback to another era.

Net Effect : See point number 1 – this item must work in concert with automated gates in order for it to provide additional benefits.

3) **Automated dispatch hall and dedicated work force** – this would eliminate the current practice of gathering workers to a central location within the harbor area, providing them work assignments, then scattering them throughout the port area for a particular job. The automated dispatch hall would utilize a system similar for those called for jury duty. You simply call in the night before (or morning of) to inquire the need, time and location of a job assignment. A worker would then proceed directly to the work site. If this is coupled with a dedicated work force at each marine terminal, as opposed to assigning workers on a random and intermittent basis, this would help improve safety and productivity at the terminals.

Net Effect: Increased productivity and throughput coupled with enhanced safety; indeed, it has been reported the ILA in Houston has already seen significant improvement in productivity since implementing a dedicated workforce at marine terminals.

In a recent speech to the American Association of Port Authorities, U.S. Secretary of Transportation Norman Y. Mineta stated, “As our economy grows, the Marine Transportation System must be upgraded and improved in ways that will meet the increased demands of trade, cargo and passenger movement.” The facts as we know them today show increased demand on our Marine Transportation System and if we don’t make improvements or change longstanding work practices and relationships, we will increase our operating costs, experience a continuing degradation of the nation’s supply chain, face an increasingly adverse impact on local communities and the environment and exceed port capacity in just a few short years.

We have the opportunity to avert a very real crisis if we are willing to act now. Because of the seriousness of the problems, and because the PMA members are seeking fair and appropriate solutions, PMA has deviated from the historical practice of waiting to negotiate a new contract with the ILWU until just prior to the conclusion of the current contract and instead has requested that contract negotiations begin immediately. The simple fact is that current (and growing) problems are far too great to be addressed in a relatively few short weeks of traditional contract negotiations. They require a more thoughtful, constructive process.

To assist in this process the PMA has offered to have a federal mediator take part in it. We made this offer to begin negotiations over six months ago – almost two years prior to the expiration of the current contract. In addition, being sensitive to the Union and the changes that PMA is proposing, we have offered a number of job security measures for union members in exchange for agreeing to the implementation of the urgently needed technology proposals. Understanding the Union’s concerns with respect to technology, I believe that PMA has made a good faith and serious offer in exchange for technological improvements. In both private communications to the Union and in public forums we have offered the following:

1. The guarantee of all currently registered workers the opportunity to work;
2. Training for ILWU members to successfully utilize the technology as it is introduced to the industry.
3. A mutually developed 401 (k) program in addition to pension benefits that currently exist in order to share in the economic benefit that is derived from the full implementation of technology;
4. Review and adjustment of skill rates as necessary for jobs which require increased skills due to the introduction and use of new technology;
5. An agreement to develop additional retirement benefits should it be necessary to offer early retirement to registered Union members who elect not to embrace these new work practices;
6. A commitment to the preservation of ILWU jurisdiction within the current scope of the Agreement.

In 1960, the ILWU and the PMA created a partnership between the union and management in the introduction of new cargo-handling technology to bring containerization and intermodalism to West Coast ports. The agreement was forged under the leadership of two extraordinary leaders with a great vision, courage and commitment – Harry Bridges of the ILWU and Paul St. Sure of PMA. The spectacular growth we’ve experienced on the West Coast over the last 40 years would not have come about without this historic agreement. PMA has requested to start contract negotiations as soon as possible. We have requested that a mediator be used to facilitate these discussions. We have stated both privately and publicly that we would not eliminate ILWU jobs. It is essential that negotiations start as soon as possible to enable both sides to address these vital issues through the collective bargaining process.

There are serious issues to be addressed and they require a constructive process. They require leadership not rhetoric. They require honesty, integrity and cooperation. In light of the challenges and strains on the nation’s supply chain that we currently face, and which will only get worse, we must reflect on and adopt the manner in which comparable problems were resolved in the past – we must emulate the courage and vision that others showed, not hide from it. And we must work together if we are to meet the challenges of the future.

If we do, the contributions of the West Coast ports to the national economy will continue to grow. Maximum use of existing infrastructure by utilizing information technologies will benefit all stakeholders – workers, carriers, shippers, terminals and communities. We can insure a better future by acting now, and without having to commit any federal funds.